

DEMOCRACY'S DIMENSIONS AND THEIR IMPLICATIONS

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Abstract

It has become customary in the political economy literature to define democracy in terms of a single dimension, the political rights or free and fair elections dimension. In this essay we argue for the need to consider two additional dimensions, civil liberties and legitimacy, as essential for understanding important issues. By including the civil liberties dimension the often cited conclusion of recent empirical literature that there is no causal effect between democracy and development is thrown into question. By including the legitimacy dimension, calls for the use of the analytical narratives approach to understand growth by economists and democratization by political scientists is supported. An application of these ideas to the recent Honduran political crisis illustrates the need for these two additional dimensions to understand an event that befuddled pundits, governments and international organizations. We also identify important economic consequences of all three dimensions of democracy in setting out our argument.

Key Words: political rights, civil liberties, legitimacy, democracy and development, analytical narratives, Honduras 2009 crisis.

JEL CODE: P16; O43; H40; N46; P14.

For those writing on political economy topics, it has become common practice to view democracy in one-dimensional terms, primarily in terms of political rights and sometimes even more narrowly by focusing on just the free and fair elections aspect of the political rights dimension. This common practice, which is driven by data considerations to some extent, can be quite misleading. If essential dimensions of democracy are completely ignored, it becomes difficult if not impossible to understand democracy and its evolution in general as well as its relationship to economic development in particular.

In this essay we identify three essential dimensions of democracy (political rights, civil liberties and legitimacy) that have important economic aspects and consequences. With respect to political rights, for example, an important economic feature that has been highlighted recently is the explicit role of pecuniary and seemingly non-pecuniary incentives in the career decisions of democratic politicians, e.g., Keane and Merlo (2010). With respect to civil liberties, for example, the conventional wisdom on whether democracy affects development is dramatically affected by its inclusion or exclusion as an essential characteristic of democracy. Once civil liberties are accepted as an integral part of democracy the empirical finding that democracy has no direct impact on development or long-term growth, e.g., Mobarak (2005), is reversed at least for certain components of civil liberties, e.g., BenYishay and Betancourt (2010). With respect to legitimacy, for example, its inclusion as an essential characteristic of democracy limits the methods and approaches that one can rely on to understand democratic processes and their evolution. Once legitimacy is accepted as an integral part of democracy, however, the methods that remain suitable provide a closer connection between the economics literature on development, e.g., Rodrik (2003), and the political science literature on democracy, e.g., Tilly (2007).

We present in the first substantive section of the paper basic arguments on the existence of at least three different dimensions from which to view governments in general and democracies in particular. The discussion brings out important economic implications of each of these dimensions. In the second section, we provide a review and a re-interpretation of empirical evidence on the relationship between long-term growth or development and democracy by considering the implications of looking at the relation in terms of two of these different dimensions, political rights and civil liberties. We move to consider in the third section methodological approaches to democracy and development in economics and political science that allow for context dependence, which is essential for analyzing legitimacy. In the last substantive section we illustrate the insights that can be gained relying on this multidimensional approach with an analysis of the recent Honduran political crisis. Finally, we conclude with brief remarks on possible implications and applications of this broader conceptualization of democracy.

DEMOCRACY'S DIMENSIONS AND THEIR ECONOMIC FEATURES

Political rights have several important aspects that are closely intertwined and that have important economic consequences. Political rights usually focus on the electoral process and several of its aspects. The most obvious aspect is, of course, whether or not there are free and fair elections. This is an essential characteristic of democracy. It provides a well known, reliable and especially a non-violent mechanism for the inter-temporal transmission of power.¹ In practice, however, attention concentrates on presidential elections, leading sometimes to the neglect of legislative and local elections. If publicly provided goods are allocated at the local

¹ The importance of violence throughout history has been brought to the fore recently and forcefully by North Wallis and Weingast (2009) as well as by Findlay and O'Rourke (2007).

level, however, this neglect can lead to serious economic inefficiencies in the democratic process.

A related aspect of political rights, besides freedom from intimidation and coercion in the exercise of the vote, is the provision of an environment for participation by candidates and parties that is open to competition. Indeed, the extent and nature of participation in the process is one of the three categories used by Freedom House to construct their political rights index. Finally, another important dimension of political rights in a democracy is that the actual policies undertaken are controlled by elected leaders. Thus, kitchen cabinets and corruption devalue the democratic process while accountability and transparency of decisions and information enhance the democratic process. Corruption obviously has economic consequences but these can be positive or negative, depending on whether they increase or lower uncertainty and transactions costs relative to the alternative being considered.

More generally, there are economic features to the exercise of political rights through free and fair elections that are sometimes ignored or treated as unimportant in discussions of the subject. These economic dimensions are relevant for citizens as voters, politicians as candidates and parties as organizations as well as members of society at large as taxpayers and recipients of private and public goods.

For instance, there are some economic costs for citizens voting in elections and the costs often seem to outweigh the benefits for any given individual. This feature has led to a substantial academic literature in economics and politics trying to rationalize why citizens vote on a voluntary basis. It is often referred to as the paradox of voting, e.g., Feddersen (2004).

Along the same lines, there are also substantial economic costs to the politicians and parties that participate in the elections. These range from opportunity costs of income foregone

during campaigns to the direct costs of participating in terms of travel, advertising or more generally providing information about candidates and policies and salaries of associates. In this case, however, the economic benefits can be substantial for those elected and participation is not framed in terms of paradoxes.

Instead, in early literature participation is framed in terms of politicians characterized as partisans (driven by preferences for a policy position), opportunistic (driven by the desire to get re-elected) or both, e.g., Drazen (2000, Ch. 7). Presumably, these drives are due to the associated economic and/or other benefits of their positions prevailing and of re-election. Recently, however, a new stream of literature has begun to consider more systematically the role of economic and other benefits in determining the career choices of both types of politicians. For instance, Keane and Merlo (2010) provide a quantitative analysis of how politicians' career choices respond to monetary incentives, for example a change in wages, as well as non-pecuniary ones, for example a change in the probability of being named to an important committee.² Incidentally, the latter non-pecuniary incentives can have a very high associated monetary value due to their influence over specific policies.

Finally, there are also costs to society in terms of organizing the elections and ensuring that they are free and fair in terms of registering voters and parties, supervising and implementing the process, etc. Indeed, developing an electoral system from scratch can be quite costly in terms of time and money. The economic benefits would arise in terms of the contributions to the provision of private and public goods in society generated by the policies of the politicians chosen by the free and fair election system. Societal economic costs and benefits have not featured prominently in the literature. For instance, a systematic evaluation of

² These responses apply to politicians of both types, which are now labeled skilled (focused on re-election) and achievers (focused on policies), and are framed in a dynamic setting.

monitoring costs is absent from Bjornlund's well regarded analysis of what it takes to monitor free and fair elections, Bjornlund (2004).

A second dimension of democracy that is widely recognized as an essential characteristic is the protection of individual rights. Indeed, first generation human rights such as freedom of expression and assembly have been recognized as essential characteristics of democracy over the last two hundred years by having them embedded in most countries' constitutions. Second generation human rights, for example secure ownership rights and individual mobility (in the pursuit of economic betterment with respect to location, education and employment), are of more recent vintage. Nonetheless, they have been viewed over the last several decades as part of the array of civil liberties to be provided and protected by a democratic government; for example Freedom House includes them as part of their civil liberties index, e.g., Piano and Puddington (2006).

Just as in the case of free and fair elections, however, there are economic benefits and costs in the provision of these civil liberties. Some costs are shared with the provision of free and fair elections: for example an independent judiciary for the adjudication of disputes is required by both dimensions. Other costs can be specific to the protection of some of these rights, for example land registries and title certifications. The economic benefits of second generation rights are very direct in that output tends to increase as a result of the lower uncertainty and transaction costs as well as of the improvements in resource allocation. Yet, even the first generation ones -- for example freedom of speech and assembly -- have indirect economic benefits in terms of facilitating the generation and distribution of knowledge. The latter underlies modern economic growth, Aghion and Howitt (1998).

Widespread agreement becomes more difficult when we come to a third dimension of democracy as a form of government, namely legitimacy. While political scientists take this concept for granted,³ most economists are uneasy with this concept due to its intrinsic ambiguity. Consequently it is most often ignored even in the area of political economy. By legitimacy I mean the willingness of the governed to accept the right of those who govern them to do so. Just as most features of institutions, legitimacy has a formal or *de jure* component and an informal or *de facto* component.⁴ For instance, in a democracy the formal or *de jure* aspect is acquired by attaining power through some form of free and fair electoral process. The informal or *de facto* aspect, however, is attained through the level of performance of governmental functions by those elected, given the standards of the society at particular historical times.

Economic as well as other implications of the *de facto* aspect of legitimacy are far more difficult to analyze in general because of its context dependency. *De facto* legitimacy can depend on economic considerations, political ones, historical ones or a combination of the three. For instance, a focus on improving the lot of the poor can be a source of legitimacy; a focus on improving the material standard of living of the population at large can also be a source of legitimacy; even providing national security, freedom from foreign interference or law and order in the territory under the sovereignty of a nation can be a source of legitimacy. Indeed, different aspects can be a source of legitimacy at different points in time for the same country.

One consideration that suggests itself from the previous discussion is that legitimacy is a dimension relevant to all forms of governments, not just to democracy. That is, one function of any form of government is to secure the willingness of the governed to accept the right of those who govern to do so and it can have *de jure* and *de facto* features in all forms of government. .

³ For example, in a recent book on democracy, Diamond (2008), uses the concept without explanation.

⁴ Examples of other institutional settings with *de jure* and *de facto* components are available in Acemoglu, Johnson and Robinson (2005).

While this is true, it also brings out that similar features apply to the previous two dimensions. For instance, another function of all forms of government is to provide mechanisms for the inter-temporal transmission of power. Similarly, a fundamental function of all forms of governments is to provide, for example, some level of civil liberties in the form of protection of property rights and mobility privileges for at least a subset of the population being governed.

Different forms of government, however, are associated with different mechanisms for addressing these three functions. These mechanisms provide different levels of accomplishment in the performance of these three functions and extend the performance of these functions to different subsets of the population. It is also the case that these three dimensions are not necessarily independent of each other from the point of view of the members of society in any one setting, including the democratic one.

For instance, many Singaporeans view as legitimate limitations on civil liberties (for example, freedom of assembly) and political rights (for example, the limited competitiveness of their elections). This is due, at least in part, to the *de facto* legitimacy conferred upon their system by the superior economic growth performance of their economy since 1959 and the government's intelligent use of the resources generated to provide substantial benefits to the population at large, e.g., Kuan Yew (2000).

Similarly, a number of Cubans and Venezuelans view as legitimate the far more severe limitations on political rights and civil liberties their forms of government impose on their citizens. This is the case, for instance, with respect to the competitiveness of political participation through parties and the exercise of first and second generation human rights. In these two cases whatever levels of *de facto* legitimacy one perceives would be related to factors such as real or perceived affronts to national identities, the pervasive corruption of previous

democratic forms of governments, and the provision of substantial economic benefits to the poor at least in the short-run.

Currently, one of the most imminent threats to the legitimacy of fragile democracies is their inability to provide basic law and order in their territories as a result of various factors ranging from civil wars to the drug trade and related developments. Lack of law and order undermines the *de facto* legitimacy of any democracy no matter how free and fair their elections are. It leads to the acceptance by large segments of the population of actions that can easily violate civil liberties in fragile democracies. For example, some of the actions undertaken by the Uribe government in Colombia in their struggle against the guerrillas were highly controversial from this perspective. Yet, Uribe enjoyed wide spread support, among other reasons, due to the impact of these measures in substantially lowering the numbers of murders and robberies from the peak experienced at the height of guerrilla activity. Lack of law and order can in principle undermine *de facto* legitimacy even in developed countries with stable democracies as it generates conflicts on the protection of civil liberties among different segments of the population.

In any event, the previous examples suffice to illustrate the potential interdependence between legitimacy, political rights and civil liberties. Some of the economic consequences of legitimacy stem from this interdependence. Other economic consequences of legitimacy will obviously depend on the source generating this dimension at a particular time and place. Thus, we conclude by illustrating this point with the provision of law and order to control the drug trade. The economic costs will include all the additional resources required by law enforcement as a result of increases in this activity. More importantly, since the most valuable asset of a human being is his or her life, the human capital costs of a failure of legitimacy through lack of

provision of law and order can be quite high. To this must be added the additional loss due to property destruction. In addition there is the opportunity cost of potential investments and transactions that are never carried out as a result of the increased uncertainties generated by a climate of widespread insecurity. Lack of legitimacy due to this source can have devastating economic consequences and in principle it should be possible to generate estimates.

RECENT EMPIRICAL LITERATURE ON DEVELOPMENT AND DEMOCRACY

One important economic issue that has attracted attention in both the economics and the political science literature is the relationship between democracy and long-term economic growth or development. In this section we focus on the empirical literature analysis of this issue in terms of two of democracy's dimensions: political rights and civil liberties. While we consider legitimacy to be an equally important dimension of democracy, it has not featured prominently in the empirical literature on democracy and economic growth or development. This more limited focus is also convenient from an expositional point of view as it simplifies the basic argument in this section.

The recent empirical literature on economic growth and democracy emphasizes one of these dimensions: the political rights dimension either directly through the electoral process or indirectly through limits on executive power. For instance, one of the most straightforward, clear statements of this view is in the book by Acemoglu and Robinson (2006). In their third chapter, titled "What do we know about democracy", they quote approvingly the following definition of democracy by Schumpeter: "...the institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people's vote."

In discussing the measurement of democracy, they suggest as their main measure the Freedom House political rights index.⁵ The latter is an aggregation of three subcategories of political rights: (A) the freedom and fairness of the electoral process; (B) the political pluralism and competitiveness of participation in the political process by individuals and groups; and (C) the effectiveness of governance with respect to influence of elected representatives on policies, degree of corruption and degree of accountability and transparency. They also use as a secondary measure a composite Polity variable that captures the competitiveness of political participation and executive recruitments as well as constraints on the executive. The main attractiveness of this secondary measure is that it goes back well into the 19th century. Of course, this measure also captures political rights aspects of democracy.

Early empirical literature by political scientists on the relationship between democracy and economic development arrives at a very strong conclusion. For example, an evaluation of quantitative cross national studies asserts "...One massive result of these studies still stands: there is a stable positive association between social and economic development and political democracy. This can not be explained away by problems of operationalization. A whole array of different measures of development and democracy were used in the studies under review and this did not affect the results", Rueschmeyer, Huber Stephens and Stephens (1992, p. 29).

More recent empirical literature by political scientists has arrived at the following more guarded conventional wisdom. By classifying regimes into two categories, democracy or dictatorship, and some clever reasoning Przeworski, Alvarez, Cheibub and Limongi (Ch. 2, 2000) obtain two main results. First, economic development, measured in term of per capita

⁵ For a detailed description of the Freedom House measures of political rights and civil liberties see, for example, Piano and Puddington (2006).

income, can not explain the emergence of democratic regimes. Second, the level of per capita income, however, is the best predictor of whether or not a democratic regime will survive.

One feature of this recent empirical political science literature is that they focus on democracy as the dependent variable, i.e., what is to be explained. They use political rights or their aspects, for example free and fair elections, as the only dimension of democracy that is relevant. Variables representing these concepts are used to classify countries as dictatorships or democracies or to score them on a dictatorship or democracy scale.

A recent empirical study in economics that also focuses on democracy as the variable to be explained is Acemoglou, Johnson, Robinson and Yared (2008). They find that the use of either fixed effects or a correction for simultaneity eliminates the role of per capita income in explaining democracy. The latter is defined in terms of aspects of political rights as indicated earlier. The use of fixed effects contradicts the second result that has become conventional wisdom in the political science literature. Its implication and that of the simultaneity correction, however, is consistent with the first result that has become conventional wisdom in the political science literature. Economic development has no causal effect in explaining democracy when measured in terms of a single dimension based on political rights.

A different strand of literature on economic development and democracy aims at explaining the average rate of economic growth. This literature stems primarily from economics. An important conclusion that has become conventional wisdom in this literature is that democracy, measured with the above political rights indexes, can not explain the average rate of economic growth empirically. Without correcting for simultaneity, as in Barro and Sala-i-Martin

(2004)⁶, it does not do so because the statistically significant correlations that are found are not robust to the addition of other explanatory variables or changes in samples of countries. Thus, the association between these two variables is not robust. When correcting for simultaneity or endogeneity, as in Mobarak (2005) for example, it does not do so because the correction eliminates statistically significant results found without the correction. Incidentally, Mobarak does find a robust negative association between democracy and the volatility of growth even after correcting for simultaneity. These results are consistent with the previous ones explaining democracy.

No empirical studies relying on democracy as the variable to be explained or on per capita income levels or the average rate of economic growth as the variable to be explained view democracy explicitly as a multidimensional variable, at least to my knowledge. Nevertheless, the latter strand of literature provides important evidence on at least one other dimension of democracy, civil liberties. This strand of literature sheds light on both the relationship of civil liberties to economic development and on why it may have been neglected in the literature.

Early work incorporating civil liberties in explaining the average rate of economic growth led to the conclusion that it did not matter. Levine and Renelt (1992) found that the statistical significance of the index was sensitive to the conditioning set of explanatory variables. For instance, King and Levine (1993) found in their analysis of the relationship between financial development and growth that civil liberties played no role in shaping economic growth. More recently, however, BenYishay and Betancourt (2010) considered the role of civil liberties in explaining long-term economic growth or development with disaggregated subcategories of civil liberties. While they found similar results to the earlier literature when using the same aggregate

⁶ Barro and Sala-i-Martin (2004) in their textbook on economic growth also used the Freedom House index of political rights as their measure of democracy in their empirical analysis of growth determinants using a cross section of countries (Chapter 12).

civil liberties index in explaining the level of per capita income, the situation changed dramatically when using the disaggregated subcategories that make up the index.

In 2006 Freedom House for the first time in its history made available the country scores on each of the four subcategories making up its civil liberties index. These subcategories are D) Freedom of Expression and Belief, E) Association and Organizational Rights (Freedom of Assembly), F) Rule of Law and G) Personal Autonomy and Individual Rights. The first two subcategories capture what are often called first generation human rights. The third one is a mixture that captures aspects of due process, which is also a first generation human right, with procedural issues, the prevalence of law and order and discrimination by the state against minorities. The last subcategory indicates the ability of individuals to exercise their economic rights with respect to employment, location and ownership of property as well as personal social freedoms. This subcategory captures what are often called second generation human rights.

When using each of these individual subcategories to explain long-term growth and development, the authors find that the performance of the first three subcategories (D, E and F) is the same as that of the aggregate index. It is not robust to the inclusion of other variables nor to corrections for endogeneity. On the other hand, when they use the last subcategory, Personal Autonomy and Individual Rights (G), it survives the inclusion of other variables as well as corrections for endogeneity. Indeed, it performs better as a measure of property rights in explaining growth or long-term development than any of the measures previously mentioned here as well as others not mentioned before, e.g., the Economic Freedom Index developed by the Fraser Institute and its five subcategories. In sum, these results show that the civil liberties dimension of democracy, through its second generation human rights aspects, has a powerful effect in explaining long-term growth or development measured in terms of per capita income.

Thus, they play a very different role in explaining economic development than the political rights dimension of democracy. The latter has no such effect in terms of the aggregate index or any of its subcategories.

One implication not to draw from these empirical results is that the only civil liberties that matter for economic growth are those associated with second generation human rights. The authors point out that it is difficult to conceive of mechanisms that allow high levels of second generation human rights to exist without some minimal levels of first generation human rights also present. Indeed, they suggest how the higher levels of second generation human rights in countries such as Vietnam and China have raised their scores on other civil liberties capturing first generation human rights below minimal levels. The same conclusion, however, can not be drawn about their scores on political rights, which remain at minimal levels. These two examples provide additional evidence on the possibility of substantially divergent behavior by the two dimensions of democracy stressed in this section.

LEGITIMACY AND METHODOLOGICAL APPROACHES TO THE ANALYSIS OF DEVELOPMENT & DEMOCRACY IN THE LONG-RUN

Recent literature on growth and development by economists suggests that there are limits to what can be accomplished in terms of enhancing our understanding of long-run growth or development with the use of cross- country regressions. Since reliable time series data on GDP over long periods of time is difficult to obtain, especially for developing countries, one proposed solution has been the use of analyses of growth episodes and case studies, e.g., Pritchett (2000). Work along these lines has already emerged in the form of analytical narratives. For instance,

this is the approach adopted in the analysis of growth episodes of particular countries by well known economists in a collection edited by Rodrik (2003).⁷

A recent example of a broad framework that is well suited for the application of analytical narratives is the work of North, Wallis and Weingast (2009). They emphasize the role of violence in determining social orders and the role of social orders as mechanisms for controlling violence. Social orders are characterized by them as limited access and open access in both the political/legal and the economic sphere. They go on to argue that true democracies are characterized by open access in both the political/legal and the economic sphere. A critical difference between limited access orders and open access orders is the degree of free entry and competition into the political/legal and economic realm.

While the authors leave measurement issues with respect to these ideas as a task for future research, they provide extensive discussions on the nature of the processes involved in moving from limited to open access orders in both realms. Given the broad scope of historical periods and societies that these authors try to capture within their framework, nothing short of analytical narratives is likely to provide feasible applications of their ideas. Not surprisingly, the World Bank and others have commissioned a series of case studies to apply the ideas in this work. Indeed, a conference on some of these case studies was already held at the Bank's headquarters "The Interplay of Economics and Politics as Drivers of Development Outcomes: Evidence from Nine Countries", June 3-4, 2010.

The basic reason that analytical narratives become an attractive methodological approach in the context of explaining long-term development is the same as in the case of understanding legitimacy. Namely, the outcomes are context dependent with respect to both time and space.

⁷ More recently, Rodrik (2010) has argued in favor of a similar approach to development policy in general on the grounds that it would prevent errors and excesses of the one size fits all type.

This makes it difficult to use standard tools that normally rely on a narrow focus investigating a particular set of factors in a specific context. Indeed, one of the most accomplished user of these tools has recently recognized the difficulties of relying on standard tools in development economics where the agenda should be broad and “...we should strive to incorporate general equilibrium and political economy effects when we can, and we should be cognizant of their importance when we cannot.”, Acemoglu (2010, p.30).

In the political science literature espousal of the analytical narratives approach is older and well established. For instance, work along these lines stemming from O’Donnell’s (1973) seminal contribution is labeled “analytical induction” and characterized as a complementary approach to cross-country empirical work in the study of democracy and development by Rueschemeyer, Huber Stephens Stephens (1992, Ch. 2). More recent work by one of the most prominent and distinguished students of democracy explicitly advocates and uses this approach, which he labels analytically informed narratives, to expand our understanding of democracy and its evolution over time, Tilly (2007).

Not surprisingly, this approach can have a number of variants in both the conceptual and the historical dimension. With respect to the historical dimension the range of topics and historical episodes brought under one roof in these narratives is quite broad. For example, Bates et al (1998) span, among others, political institutions in a medieval city state and the emergence of a regulatory authority in an international organization. With respect to the analytical approach, it can be sufficiently specific that some of the co-authors of this book (Weingast) refer to their work as models, or sufficiently encompassing that one would want to use broader terms to describe the analysis, e.g., Tilly’s (2007) analysis of democracy as a dynamic process capable

of movement in a positive direction, democratization, as well as in a negative one, de-democratization.

To conclude, current views about fruitful methodological approaches to the explanation of long-term growth or development as well as to the evolution of democracy point towards the need for the same or a similar flexible approach in terms of analytical narratives. Since legitimacy and its determinants are particularly sensitive to historical context and experience, an approach such as analytical narratives that accommodates this type of variability is ideally suited to explore this third unrecognized and under-researched dimension of the democratic process. Incidentally, there is nothing in this emphasis that excludes combining this approach with either empirical work or specific modeling in any particular setting. Because this aspect of democracy has not been systematically addressed by the literature, however, such narrow modeling or empirical work may be somewhat premature at this stage. Instead, we use a version of the analytical narratives approach broadly defined to illustrate the usefulness of thinking in terms of these three dimensions of democracy when trying to understand one particular case study or event.

HONDURAS 2009 CRISIS, CIVIL LIBERTIES AND LEGITIMACY

One of the most striking or salient events of 2009 in terms of democracy was the political crisis in Honduras. On June 28 2009 the elected President of Honduras, Manuel Zelaya, was arrested by the Honduran Army with the explicit approval of the legality of the action by the Honduran Supreme Court. The military decided to put him on a plane bound for Costa Rica rather than to hold him in Honduras, presumably to avoid the potential for bloodshed that would

have arisen if he had been held within the country. There is not much dispute that these events created the crisis.

What led to these events is subject to differing interpretations. According to most accounts, for example Toiba and Zissin (2009), the critical issue was an attempt by President Zelaya to have a referendum on the 28th of June 2009. It would have been a poll on the desire of Hondurans to have a fourth ballot box in the November 2009 elections, which would then ask if the Honduran people wished to form a Constitutional Assembly in the term of the newly elected president. The Supreme Court upheld a lower court ruling that had found a prior referendum based on the same issue unconstitutional and had prohibited it. Zelaya decided to proceed anyway, basing his decision on the Law of Citizen Participation passed in 2006. Zelaya dismissed the head of the military command for disobeying an order to hold the poll, but the Supreme Court ordered his reinstatement.

Zelaya's actions were viewed by a substantial number of Honduras as an attempt to violate article 239 of the Honduran constitution, which is very clear on the basic point and its penalty, by opening the way to his re-election. To wit, the article translates as follows:

ARTICLE 239.-A citizen who has held the highest office in the Executive Branch can not be President or Vice President of the Republic.

Whoever violates this article or proposes its reform, just as those who may support them directly or indirectly, immediately foregoes the holding of their respective official titles and remain proscribed from participating in any public activity for ten years.

On the other hand, the June 28 actions of the military were viewed outside Honduras almost uniformly as a coup d'état. Ironically, the military had a seemingly

sound legal and constitutional basis for arresting Zelaya in article 239 but it had an equally sound legal and constitutional basis not to send him out of the country in article 102. The latter translates as follows

ARTICLE 102.- No Honduran may be expatriated nor delivered by the authorities to a foreign State.

While Zelaya's election in 2005 was accepted as free and fair during the 2009 crisis by everyone, the same free and fair elections also led to the Congress that voted for his ousting on more than one occasion and approved judges of the Supreme Court that validated his ouster. Focusing exclusively on political rights renders one incapable of addressing or understanding this crisis. Bringing in the perspective of the two other essential dimensions of democracy enhances our understanding of this process. The fears of what would happen to their civil liberties and those of their citizens played a role in the decisions of the Honduran Congress to vote for the ousting of Zelaya once he decided to proceed with the referendum.

Article 239 of the constitution gave *de jure* legitimacy to the ouster of Zelaya in the eyes of some Hondurans; the desire to preserve several aspects of their civil liberties, given Zelaya's possible actions after a constitutional reform, gave those who supported his ouster *de facto* legitimacy in their actions. Another consideration that may have provided *de facto* legitimacy for these actions was nationalism. Given the widespread and well known involvement of Chavez in Honduras on the side of Zelaya, this interference by a foreign government, no matter how friendly and generous, in trying to determine national outcomes could have engendered nationalistic feelings in support of an alternative.

Similarly, without appeals to legitimacy as an essential dimension of democracy it is difficult to understand or explain the actions of Zelaya and his supporters. Zelaya and those who encouraged him to have the referendum had to be aware of the constitutional issue, especially after the first denial of its legality by the Supreme Court. Challenging it and taking the chance to be rebuked and its potentially serious consequences required a powerful rationale. The need to fight dire circumstances of poverty at very low levels of economic development provides *de facto* legitimacy for this risky strategy, at least for some.⁸

Last but not least, the military's decision to send Zelaya out of the country provides another illustration of the role of these different dimensions of democracy in determining outcomes. The action is illegitimate from the *de jure* point of view. Just like Zelaya and his supporters had to be aware of article 239, the military had to be aware of article 102 of the constitution and that the action had no *de jure* legitimacy. The *de facto* legitimacy for undertaking the action was the protection of the civil liberties of Honduran citizens against the potential for violence that could have been unleashed if Zelaya had been held prisoner in a Honduran jail or military barrack.

Subsequent measures undertaken by the provisional government to prevent violence once Zelaya took refuge in the Brazilian embassy in Tegucigalpa suggest that protection of civil liberties through violence prevention was a relevant consideration in

⁸ Honduras is one of the poorest countries in Latin America. In 2008 it ranked 145 in the world with respect to per capita income in PPP terms (\$3,870) as estimated by the World Bank (2009). Among Latin American countries only Nicaragua and Haiti are ranked below Honduras.

sending Zelaya out of the country. For instance, some of the measures undertaken upon Zelaya's return were an infringement on civil liberties. They were quickly rescinded after criticisms from a hostile international community on these grounds.

One expects most military leaders to be well aware that the use of violence against civilians, regardless of the reason, is frowned upon in modern civilized societies and undermines the legitimacy of any intervention both *de facto* and *de jure*. This is especially so in a country trying to perform well on the indicators of the Millennium Challenge Corporation, which include the rule of law as measured in the World Bank's governance indicators. It is also to be expected in a country where the military receives extensive training from the United States.

The consequences of these events for Honduras were severe in political and economic terms. It led to the widespread condemnation of the action as a *coup d'etat* by both democratic governments and not so democratic ones. Diplomatic pressure was brought to bear on the transition government to reverse itself. One international organization, the OAS, refused to monitor the presidential elections which were supposed to take place independently of the issue under contention. On the economic front international assistance was withheld. Even bilateral US aid through the Millennium Challenge Corporation was halted, despite the fact that Honduras had been performing well by almost all criteria usually employed by MCC to select countries as worthwhile or deserving to receive aid because of their own efforts at improvements.⁹

⁹ For instance, in 2009 Honduras scored above the median of the low income countries in 15 of the 17 indicators in the MCC scorecard, at the median in one and below the median in one. These

Yet, the Honduran provisional government resisted the pressure, elections were held and the newly elected government of President Lobo was recognized by various governments, including the US. It helped that Lobo had taken an open minded approach to the issues dividing the country and a conciliatory attitude toward Zelaya and his supporters, for example Lisman (2009). By March of 2010, former President Zelaya had announced that he is writing a book on the crisis and the US government had announced that aid has been restored. The multilateral institutions followed suit. One unexpected consequence of the crisis was some loss of credibility and relevance for the OAS Secretariat as an organization devoted to the promotion of democracy.¹⁰

By July of 2010 most of the 65 countries that had broken diplomatic relations with Honduras had re-established them. Two of them, Chile and Mexico, did so in early August, bringing the total to 57, after the OAS issued a long delayed report on the Honduran crisis and its aftermath on July 29. This report (<http://www.oas.org/documents/eng/press/AGSC00258-ING.doc>) is likely to pave the way for a readmission of Honduras to this institution. A substantial part of the report is devoted to the steps already taken and in process by the Lobo government to provide civil liberties through the protection of human rights, including freedom of the press. Ironically both the Honduran government and the OAS Secretariat are using support for

indicators are the ones used to select countries as eligible for aid from MCC. This information is publicly available at the MCC website.

¹⁰ This was the result mainly of the incongruence between the positions taken by the Secretariat with respect to various dimensions of democracy in Honduras and in Venezuela during the same time period. The latter have been brought to the fore by a recent report on democracy and human rights in Venezuela by the Inter-American Commission on Human Rights (IACHR, 2010).

civil liberties through the protection of human rights as mechanisms to gain *de facto* legitimacy in establishing their democratic credentials!

CONCLUDING REMARKS

The Honduran political crisis seems to have befuddled pundits, governments and international organizations in equal measures. Our analysis provides an application of a version of the analytical narratives approach relying on two essential dimensions of democracy, civil liberties and legitimacy. These two dimensions are frequently neglected due to an excessive focus on the usual dimension, political rights. Using them explicitly demonstrates how our ability to understand critical events associated with democratic processes can be substantially enhanced. Applications to other critical events in the evolution of democracies, either historical or current, can yield similar insights.

More generally a systematic effort to conceptualize democracy in terms of its main dimensions should prove fruitful in enhancing our understanding of the democratic process regardless of the methodology employed. In this effort the use of specific models or any of the usual validation procedures is to be welcome. With respect to the latter, for instance, surveys can and have been used to show that citizens view political rights differently than civil liberties, e.g., Betancourt and Sanguinetti (2009). Similarly, experiments have been used to show that democratic participation has substantial effects on cooperation, e.g., Dal Bò, Foster and Putterman (2010). The latter is an important aspect of all three dimensions of democracy stressed here.

Finally, the emphasis on thinking in terms of these three dimensions of democracy and in applying them to the analysis of critical events specific to a democratic process is offered as a complement to and not as a substitute for other approaches to the understanding of democracy. One of them is Tilly's (2007) analyses of democratization and de-democratization processes in a variety of historical circumstances. Another is the analysis of how social orders can evolve into democratic societies by North, Weingast and Wallis (2009). Indeed, future research may benefit from explicit attempts at integration.

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